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PART II—Section 2

प्राधिकार से व्यक्तिगत

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इस भाग में अलग पृष्ठ संख्या की जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 28th February, 1975:—

BILL No. 11 OF 1975

A Bill to give effect to the financial proposals of the Central Government
for the financial year 1975-76

Be it enacted by Parliament in the Twenty-sixth Year of the Republic
of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Finance Act, 1975.

(2) Save as otherwise provided in this Act, sections 2 to 30 shall be
deemed to have come into force on the 1st day of April, 1975

Short
title
and
commencement.

CHAPTER II

RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2), (3) and (4), for
the assessment year commencing on the 1st day of April, 1975, income-
tax shall be charged at the rates specified in Part I of the First Schedule
and shall be increased,—

Income-
tax.

(a) in the cases to which Paragraphs A, B, C and D of that Part
apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraphs E and F of that Part apply, by a surcharge,

calculated in each case in the manner provided therein.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income, in addition to total income, and the total income exceeds six thousand rupees, then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) (that is to say, as if the net agricultural income were comprised in the total income after the first six thousand rupees of the total income but without being liable to tax), only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of six thousand rupees and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount by which income-tax determined in accordance with sub-clause (i) exceeds the amount of income-tax determined in accordance with sub-clause (ii) shall be the income-tax chargeable in respect of the total income.

(3) Where in the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, the total income includes any profits and gains from life insurance business, the income-tax payable by it shall be the aggregate of the income-tax calculated—

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable in the case of the Life Insurance Corporation of India, in accordance with Paragraph E of Part I of the First Schedule, to that part of its total income which consists of profits and gains from life insurance business; and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

(4) In cases to which Chapter XII or section 164 of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) applies, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be.

(5) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(6) Subject to the provisions of sub-section (7), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule:

Provided that in respect of any income chargeable to tax under section 164 of the Income-tax Act at the rate of sixty-five per cent., "advance tax" shall be computed at that rate.

(7) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income, in addition to total income, and the total income exceeds six thousand rupees, then, in calculating income-tax under the first proviso to sub-section (5) of section 132 of the Income-tax Act or in charging income-tax under sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) (that is to say, as if the net agricultural income were comprised in the total income after the first six thousand rupees of the total income but without being liable to tax), only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of six thousand rupees and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or,

as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount by which income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (i) exceeds the amount of income-tax or "advance tax" determined in accordance with sub-clause (ii) shall be the income-tax or "advance tax" in respect of the total income.

(8) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1975, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining.

Explanation.—For the purposes of this clause, a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(d) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(e) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(f) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(g) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

3. In section 10 of the Income-tax Act,—

(a) in sub-clause (ii) of clause (5),—

Amend-
ment of
section 10.

(i) in item (a) and item (b), for the words "himself, his spouse and children," the words "himself and his family," shall be substituted;

(ii) in the proviso, for the words "shall in no case exceed", the words "shall not, except in such cases and under such circumstances as may be prescribed having regard to the travel concession or assistance granted to the employees of the Central Government, exceed" shall be substituted;

(iii) the following *Explanation* shall be inserted at the end, namely:—

Explanation.—For the purposes of this sub-clause, "family", in relation to an individual, means—

(i) the spouse and children of the individual; and

(ii) the parents, brothers and sisters of the individual or any of them, wholly or mainly dependent on the individual;—

(b) after clause (10A), the following clause shall be inserted with effect from the 1st day of April, 1976, namely:—

14 of 1947.
(10B) any compensation received by a workman under the Industrial Disputes Act, 1947 or under any other Act or rules, orders or notifications issued thereunder or under any standing orders or under any award, contract of service or otherwise, at the time of his retrenchment, to the extent such compensation does not exceed—

14 of 1947.
(i) an amount calculated in accordance with the provisions of clause (b) of section 25F of the Industrial Disputes Act, 1947; or

(ii) twenty thousand rupees,

whichever is less.

Explanation.—For the purposes of this clause—

(a) compensation received by a workman at the time of the closing down of the undertaking in which he is employed shall be deemed to be compensation received at the time of his retrenchment;

(b) compensation received by a workman, at the time of the transfer (whether by agreement or by operation of law) of the ownership or management of the undertaking in which he is employed from the employer in relation to that undertaking to a new employer, shall be deemed to be

compensation received at the time of his retrenchment if—

(i) the service of the workman has been interrupted by such transfer; or

(ii) the terms and conditions of service applicable to the workman after such transfer are in any way less favourable to the workman than those applicable to him immediately before the transfer; or

(iii) the new employer is, under the terms of such transfer, or otherwise, legally not liable to pay to the workman, in the event of his retrenchment, compensation on the basis that his service has been continuous and has not been interrupted by the transfer;

(c) the expressions "employer" and "workman" shall have the same meanings as in the Industrial Disputes Act, 1947; ;

14 of 1947.

(c) in clause (13A), for the words "three hundred rupees", the words "four hundred rupees" shall be substituted;

(d) in clause (14), the following *Explanation* shall be inserted, and shall be deemed always to have been inserted, at the end, namely:—

"Explanation.—For the removal of doubts, it is hereby declared that any allowance granted to the assessee to meet his personal expenses at the place where the duties of his office or employment of profit are ordinarily performed by him or at the place where he ordinarily resides shall not be regarded, for the purposes of this clause, as a special allowance granted to meet expenses wholly, necessarily and exclusively incurred in the performance of such duties;"

(e) clause (27) shall be omitted with effect from the 1st day of April, 1976.

Amend-
ment of
section 32.

4. In section 32 of the Income-tax Act, in clause (ii) of sub-section (1), after the proviso, the following proviso shall be inserted, namely:—

"Provided further that no deduction shall be allowed under this clause or clause (vii) in respect of any motor car manufactured outside India, where such motor car is acquired by the assessee after the 28th day of February, 1975 and is used otherwise than in a business of running it on hire for tourists;".

Amend-
ment of
section 33A

5. In section 33A of the Income-tax Act, the following *Explanation* shall be inserted, and shall be deemed always to have been inserted, at the end, namely:—

"Explanation.—For the purposes of this section, an assessee having a leasehold or other right of occupancy in any land shall be deemed to own such land and where the assessee transfers such right, he shall be deemed to have sold or otherwise transferred such land."

6. In section 40A of the Income-tax Act,—

Amend-
ment of
section 40A.

(a) after sub-section (6), the following sub-section shall be inserted, and shall be deemed to have been inserted, with effect from the 1st day of April, 1973, namely:—

“(7) No deduction shall be allowed in respect of any reserve created, or provision made, by the assessee for the payment of gratuity to his employees on their retirement or on termination of their employment for any reason:

Provided that nothing in this sub-section shall apply in relation to any provision made or the purpose of payment of a sum by way of any contribution towards an approved gratuity fund, or for the purpose of payment of any gratuity, that has become payable during the previous year.”;

(b) after sub-section (7) as so inserted, the following sub-section shall be inserted, with effect from the 1st day of April, 1976, namely:—

“(8) Where the assessee, being a company (other than a banking company or a financial company), incurs any expenditure by way of interest in respect of any deposit received by it, fifteen per cent. of such expenditure shall not be allowed as a deduction.

Explanation.—In this sub-section,—

(a) “banking company” means a company to which the Banking Regulation Act, 1949 applies and includes any bank or banking institution referred to in section 51 of that Act;

10 of 1949.

(b) “deposit” means any deposit of money with, and includes any money borrowed by, a company, but does not include any amount received by the company—

(i) from the Central Government or any State Government or any local authority, or from any other source where the repayment of the amount is guaranteed by the Central Government or a State Government;

(ii) from the Government of a foreign State, or from a citizen of a foreign State, or from any institution, association or body (whether incorporated or not) established outside India;

(iii) as a loan from a banking company or from a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank);

(iv) as a loan from any institution or body specified in the list in the Tenth Schedule or such other institution or body as the Central Government may, having regard to the nature and objects of the institution or body, by notification in the Official Gazette, specify in this behalf;

(v) from any other company;

(vi) from an employee of the company by way of security deposit;

(vii) by way of security or as an advance from any purchasing agent, selling agent or other agent in the course of, or for the purpose of, the business of the company or as advance against orders for the supply of goods or for the rendering of any service;

(viii) by way of subscription to any share, stock, bond or debenture (such bond or debenture being secured by a charge or a lien on the assets of the company) pending the allotment of the said share, stock, bond or debenture, or by way of advance payment of any moneys uncalled and unpaid upon any shares in the company, if such moneys are not repayable in accordance with the articles of association of the company;

(c) "financial company" means—

(i) a hire-purchase finance company, that is to say, a company which carries on, as its principal business, hire-purchase transactions or the financing of such transactions; or

(ii) an investment company, that is to say, a company which carries on, as its principal business, the acquisition of shares, stock, bonds, debentures, debenture stock, or securities issued by the Government or a local authority, or other marketable securities of a like nature; or

(iii) a housing finance company, that is to say, a company which carries on, as its principal business,

the business of financing of acquisition or construction of houses, including acquisition or development of land in connection therewith;

(iv) a loan company, that is to say, a company [not being a company referred to in sub-clauses (i) to (iii)] which carries on, as its principal business, the business of providing finance, whether by making loans or advances or otherwise;

1 of 1956.

(v) a mutual benefit finance company, that is to say, a company which carries on, as its principal business, the business of acceptance of deposits from its members and which is declared by the Central Government under section 620A of the Companies Act, 1956 to be a *Nidhi* or Mutual Benefit Society;

(vi) a miscellaneous finance company, that is to say, a company which carries on exclusively, or almost exclusively, two or more classes of business referred to in the preceding sub-clauses.'

7. In section 43 of the Income-tax Act, in the proviso to clause (1), Amend-
after the words, figures and letters "the 31st day of March, 1967", the ~~word~~ of
words, figures and letters "but before the 1st day of March, 1975," shall ~~section 43.~~
be inserted.

8. In the Income-tax Act, after section 44A, the following section Insertion
shall be inserted with effect from the 1st day of April, 1976, namely:— ~~of new~~ section 44B.

'44B. (1) Notwithstanding anything to the contrary contained in sections 28 to 43A, in the case of an assessee, being a non-resident, provision engaged in the business of operation of ships, a sum equal to seven for and a half per cent. of the aggregate of the amounts specified in computing profits and gains of shipping business in the case of non-resi-

(2) The amounts referred to in sub-section (1) shall be the dents.
following, namely:—

(i) the amount paid or payable (whether in or out of India) to the assessee or to any person on his behalf on account of the carriage of passengers, live-stock, mail or goods shipped at any port in India; and

(ii) the amount received or deemed to be received in India by or on behalf of the assessee on account of the carriage of passengers, live-stock, mail or goods shipped at any port outside India.'

**Amend-
ment of
section 52.**

9. In section 52 of the Income-tax Act, in sub-section (2), the following proviso shall be inserted, and shall be deemed to have been inserted, with effect from the 1st day of April, 1974, namely:—

“Provided that this sub-section shall not apply in any case—

(a) where the capital asset is transferred to the Government, or

(b) where the full value of the consideration for the transfer of the capital asset is determined or approved by the Central Government or the Reserve Bank of India and the adequacy of the full value of the consideration so determined or approved is not questioned by the assessee.”.

**Amend-
ment of
section 80C.**

10. In section 80C of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted with effect from the 1st day of April, 1976, namely:—

“(1) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, an amount calculated, with reference to the aggregate of the sums specified in sub-section (2), at the following rates, namely:—

(a) where such aggregate does not exceed Rs. 4,000	The whole of such aggregate;
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(b) where such aggregate exceeds Rs. 4,000 but does not exceed Rs. 10,000	Rs. 4,000 plus 50 per cent. of the amount by which such aggregate exceeds Rs. 4,000;
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(c) where such aggregate exceeds Rs. 10,000	Rs. 7,000 plus 40 per cent. of the amount by which such aggregate exceeds Rs. 10,000.”.
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**Insertion
of new
section
80FF.**

11. In the Income-tax Act, after section 80F, the following section shall be inserted, with effect from the 1st day of April, 1976, namely:—

‘80FF. (1) Where an individual, who is a citizen of India and whose gross total income does not exceed twelve thousand rupees, has expended any sum during the previous year out of his income chargeable to tax for the full time education of his child wholly or mainly dependent on him, he shall, in accordance with and subject to the provisions of this section, be allowed a deduction of the amount specified in sub-section (2) in the computation of his total income.

(2) in the computation of his total income.

(2) The amount referred to in sub-section (1) shall be—

(i) in a case where the individual has a child undergoing a degree or post-graduate course in medicine (including surgery

**Deduction
in respect
of expenses
on higher
education
in certain
cases.**

and obstetrics) or architecture or engineering or technology, one thousand rupees in respect of each such child; and

(ii) in a case where the individual has a child undergoing a diploma course in medicine (including surgery and obstetrics) or architecture or engineering or technology, or undergoing any degree or post-graduate course, other than a degree or post-graduate course referred to in clause (i), five hundred, rupees in respect of each such child:

Provided that where the individual has, during the previous year, incurred expenditure on the education of more than two children as aforesaid, the deduction under sub-section (1) shall be allowed only with reference to two such children as may be chosen by him.

Explanation.—For the purposes of this sub-section, “degree course”, “post-graduate course” and “diploma course” include respectively any course of study for obtaining a qualification, which, though not described as a degree or post-graduate qualification or diploma, is recognised for purposes of employment under the Central Government as equivalent to a degree, post-graduate qualification or diploma.’

12. In section 80J of the Income-tax Act,—

Amend-
ment of
section 80J.

(a) in sub-section (1), the following proviso shall be inserted at the end with effect from the 1st day of April, 1976, namely:—

‘Provided that in relation to the profits and gains derived by an assessee, being a company, from an industrial undertaking which begins to manufacture or produce articles or to operate its cold storage plant or plants after the 31st day of March, 1976, or from a ship which is first brought into use after that date, or from the business of a hotel which starts functioning after that date, the provisions of this sub-section shall have effect as if for the words “six per cent.”, the words “seven and a half per cent.” had been substituted’:

(b) in sub-section (4),—

(i) in clause (ii), the words and brackets “a building (not being a building taken on rent or lease),” shall be omitted with effect from the 1st day of April, 1976;

(ii) in clause (iii), for the words “twenty-eight years”, the words “thirty-three years” shall be substituted;

(iii) the following proviso and *Explanations* shall be inserted at the end with effect from the 1st day of April, 1976, namely:—

“Provided further that, where any building or any part thereof previously used for any purpose is transferred to the business of the industrial undertaking, the value of the building or part so transferred shall not be taken into account in computing the capital employed in the industrial undertaking.

Explanation 1.—For the purposes of clause (ii) of this sub-section, any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely:—

(a) such machinery or plant was not, at any time, previous to the date of the installation by the assessee, used in India;

(b) such machinery or plant is imported into India from any country outside India; and

(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of the Indian Income-tax Act, 1922 or this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee.

11 of 1922.

Explanation 2.—Where in the case of an industrial undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent. of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the condition specified therein shall be deemed to have been complied with and the total value of the machinery or plant or part so transferred shall not be taken into account in computing the capital employed in the industrial undertaking.”;

(c) in sub-section (5), in clause (iii), for the words “twenty-eight years”, the words “thirty-three years” shall be substituted;

(d) in sub-section (6),—

(i) for clause (a), the following clause shall be substituted, namely:—

“(a) the business of the hotel is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of a building previously used as a hotel or of any machinery or plant previously used for any purpose.”;

(ii) after clause (d), the following clause shall be inserted, namely:—

“(e) the business of the hotel starts functioning on or after the 1st day of April, 1961, but before the 1st day of April, 1981;”;

(iii) for the *Explanation*, the following *Explanation* shall be substituted, with effect from the 1st day of April, 1976, namely:—

“*Explanation*.—Where in the case of the business of a hotel, any building, or any part thereof, previously used as a hotel, or any machinery or plant, or any part thereof, previously used for any purpose, is transferred to a new business and the total value of the building, machinery or plant or part so transferred does not exceed twenty per cent. of the total value of the building, machinery or plant used in the business, then, for the purposes of clause (a) of this sub-section, the condition specified therein shall be deemed to have been complied with and the total value of the building, machinery or plant or part so transferred shall not be taken into account in computing the capital employed in the business of the hotel.”;

(e) after sub-section (6), the following sub-sections shall be inserted with effect from the 1st day of April, 1976, namely:—

‘(6A) Where the assessee is a person other than a company or a co-operative society, the deduction under sub-section (1) from profits and gains derived from an industrial undertaking shall not be admissible unless the accounts of the industrial undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant, as defined in the *Explanation* below sub-section (2) of section 288, and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

(6B) Where any goods held for the purposes of the business of the industrial undertaking or the hotel or the operation of the ship are transferred to any other business carried on by the assessee, or where any goods held for the purposes of any other business carried on by the assessee are transferred to the business of the industrial undertaking or the hotel or the operation of the ship and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the business of the industrial undertaking or the hotel or the operation of the ship does not correspond to the market value of such goods as on the date of the transfer, then, for the purposes of the deduction under this section, the profits and gains of the industrial undertaking or the business of the hotel or the operation of the ship shall be computed as if the transfer, in either case, had been made at the market value of such goods as on that date:

Provided that where, in the opinion of the Income-tax Officer, the computation of the profits and gains of the industrial undertaking or the business of the hotel or the operation of the ship in the manner hereinbefore specified presents exceptional difficulties, the Income-tax Officer may compute such profits and gains on such reasonable basis as he may deem fit.

Explanation.—In this sub-section, “market value”, in relation to any goods, means the price that such goods would ordinarily fetch on sale in the open market.

(6C) Where it appears to the Income-tax Officer that, owing to the close connection between the assessee carrying on the business of the industrial undertaking or the hotel or the operation of the ship to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in the business of the industrial undertaking or the hotel or the operation of the ship, the Income-tax Officer shall, in computing the profits and gains of the industrial undertaking or the hotel or the ship for the purposes of the deduction under this section, take the amount of profits as may be reasonably deemed to have been derived therefrom.”.

Insertion
of new
section
80JJ.

13. In the Income-tax Act, after section 80J, the following section shall be inserted with effect from the 1st day of April, 1976, namely:—

Deduction
in respect
of profits
and gains
from
business of
live-stock
breeding
or poultry
or dairy
farming.

“80JJ. Where the gross total income of an assessee includes any profits and gains derived from a business of live-stock breeding, or poultry or dairy farming, there shall be allowed, in computing the total income of the assessee, a deduction as specified hereunder, namely:—

(a) in a case where the amount of such profits and gains does not exceed, in the aggregate, ten thousand rupees, the whole of such amount; and

(b) in any other case, ten thousand rupees.”.

Amend-
ment of
section 80K.

14. In section 80K of the Income-tax Act, the following proviso shall be inserted at the end, namely:—

“Provided that no deduction under this section shall be allowed in respect of any income by way of dividends which is attributable to the profits and gains derived by the company from an industrial undertaking which begins to manufacture or produce articles or to operate its cold storage plant or plants after the 31st day of March, 1976 or from a ship which is first brought into use after that date or from the business of a hotel which starts functioning after that date.”.

15. In section 80M of the Income-tax Act, in sub-section (1), for clauses (a) and (b), the following clauses shall be substituted with effect from the 1st day of April, 1976, namely:—

Amend-
ment of
section
80M.

“(a) where the assessee is
a domestic company—

(i) in respect of such
income by way of divi-
dends from a company
formed and registered
under the Companies Act,
1956 after the 28th day of
February, 1975 and engag-
ed exclusively or almost
exclusively in the manu-
facture or production of
any one or more of the
articles or things speci-
fied in items 11 and 18,
item 23 (excluding refrac-
tories) and item 24 in the
list in the Ninth Schedule

the whole of such income;

(ii) in respect of such
income by way of divi-
dends other than the
dividends referred to in
sub-clause (i)

sixty per cent. of such income;

(b) where the assessee is
a foreign company, in respect
of such income by way of
dividends

sixty-five per cent. of such in-
come.”

16. In section 80QQ of the Income-tax Act, in sub-section (1), for the words “four assessment years”, the words “nine assessment years” shall be substituted.

Amend-
ment of
section
80QQ.

17. In the Income-tax Act, after section 80RR, the following section shall be inserted, namely:—

Insertion of
new section
80RRA.

‘80RRA. (1) Where the gross total income of an individual who is a citizen of India includes any remuneration received by him from any foreign employer for any service rendered by him outside India, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the individual, a deduction from such remuneration of an amount equal to fifty per cent. thereof:

Deduction
in respect
of remu-
neration
from
foreign
emp-
loyers.

Provided that where the individual renders continuous service outside India under or for the foreign employer for a period exceeding thirty-six months, no deduction under this section shall be allowed in respect of the remuneration for such service relating to any period after the expiry of the thirty-six months aforesaid.

(2) The deduction under this section shall be allowed—

(i) in the case of an individual who is or was, immediately before undertaking the service under or for the foreign employer, in the employment of the Central Government or any State Government, only if such service is sponsored by the Central Government; and

(ii) in the case of any other individual, only if he is a technician and the contract of service under or for the foreign employer is approved in this behalf by the Central Government or the prescribed authority.

Explanation 1.—In this section, “foreign employer” means,—

- (a) the Government of a foreign State; or
- (b) a foreign enterprise; or
- (c) any association or body established outside India.

Explanation 2.—For the purposes of this section, “technician” means a person having specialised knowledge and experience in—

- (i) constructional or manufacturing operations or mining or the generation or distribution of electricity or any other form of power; or
- (ii) agriculture, animal husbandry, dairy farming, deep sea fishing or ship building; or
- (iii) public administration or industrial or business management; or
- (iv) accountancy; or
- (v) any field of natural or applied science (including medical science) or social science; or
- (vi) any other field which the Board may prescribe in this behalf,

who is employed by the foreign employer in a capacity in which such specialised knowledge and experience are actually utilised.’

Substi-
tution of
new
section
for
section
106.

Period of
limitation
for making
orders
under
section 104.

18. In the Income-tax Act, for section 106, the following section shall be substituted, namely:—

“106. No order under section 104 shall be made at any time after—

- (a) the expiry of—
 - (i) four years from the end of the assessment year relevant to the previous year referred to in sub-section (1) of that section, where such assessment year is an assessment year commencing on or before the 1st day of April, 1974;
 - (ii) two years from the end of the assessment year relevant to the previous year referred to in sub-section (1) of that section, where such assessment year is an assessment year commencing after the 1st day of April, 1974; or
 - (b) the expiry of one year from the end of the financial year in which the assessment or re-assessment of the profits and gains

of the previous year referred to in sub-section (1) of that section is made,

whichever is later:

Provided that the period of limitation specified in this section shall not apply in a case where the company has made an application to the Board under section 107A.”.

19. In section 172 of the Income-tax Act, with effect from the 1st day of June, 1975,—

Amend-
ment of
section 172.

(a) in sub-section (1), the words “, unless the Income-tax Officer is satisfied that there is an agent of the non-resident from whom the tax will be recoverable under the other provisions of this Act” shall be omitted;

(b) in sub-section (2), for the words “one-sixth”, the words “seven and a half per cent.” shall be substituted.

20. (1) In section 194A of the Income-tax Act,—

Amend-
ment of
section
194A.

(a) in sub-section (3),—

(i) for clause (i), the following clause shall be substituted, namely:—

“(i) where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person referred to in sub-section (1) to the account of, or to, the payee, does not exceed four hundred rupees;”;

(ii) after clause (vii), the following clause shall be inserted, namely:—

“(viii) to such income credited or paid by the Central Government under any provision of this Act or the Indian Income-tax Act, 1922 or the Estate Duty Act, 1953 or the Wealth-tax Act, 1957 or the Gift-tax Act, 1958 or the Super Profits Tax Act, 1963 or the Companies (Profits) Surtax Act, 1964 or the Interest-tax Act, 1974.”;

(b) after sub-section (3), the following sub-section shall be inserted, namely:—

“(4) The person responsible for making the payment referred to in sub-section (1) may, at the time of making any deduction, increase or reduce the amount to be deducted under this section for the purpose of adjusting any excess or deficiency arising out of any previous deduction or failure to deduct during the financial year.”.

(2) Notwithstanding the substitution of clause (i) of sub-section (3) of section 194A of the Income-tax Act by sub-section (1) of this section, nothing in section 201 or section 276B of that Act shall apply to, or in relation to, any failure to deduct income-tax under sub-section (1) of

11 of 1922.
34 of 1953.
27 of 1957.
18 of 1958.
14 of 1963.
7 of 1964.
45 of 1974.

the said section 194A on any income by way of interest other than income chargeable under the head "Interest on securities" credited or paid on or after the 1st day of April, 1975 but before the 1st day of June, 1975, where the income so credited or paid at any one time does not exceed four hundred rupees.

Amend-
ment of
section 195.

21. In section 195 of the Income-tax Act, in sub-section (1), after the proviso, the following proviso shall be inserted, namely:—

"Provided further that the deduction of income-tax from any sum, being income chargeable under the head "Capital gains" relating to capital assets other than short-term capital assets, paid to a company which is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India, shall be of an amount equal to the amount of income-tax on such sum calculated in accordance with the provisions of clause (i) of section 115".

Amend-
ment of
Ninth
Schedule.

22. In the Income-tax Act, in the Ninth Schedule [as directed to be inserted by section 16 of the Direct Taxes (Amendment) Act, 1974] after item 23, the following item and *Explanation* shall be inserted, with effect from the 1st day of April, 1976, namely:—

26 of 1974.

"24. Pesticides.

Explanation.—The article specified in item 24 does not include any formulation of pesticides unless the formulation is prepared by the manufacturer or producer of the basic pesticidal chemicals from which such formulation has been prepared."

Insertion
of Tenth
Schedule.

23. In the Income-tax Act, the following Schedule shall be inserted at the end with effect from the 1st day of April, 1976, namely:—

"THE TENTH SCHEDULE

[See section 40A (8)]

List of institutions and bodies

1. The Industrial Finance Corporation of India, established under the Industrial Finance Corporation Act, 1948.

16 of 1948.

2. Financial Corporations or Joint Financial Corporations, established under the State Financial Corporations Act, 1951 and any institution deemed under section 46 of that Act to be a Financial Corporation established by the State Government for the State within the meaning of that Act.

63 of 1951.

3. The Shipping Development Fund Committee, constituted under section 15 of the Merchant Shipping Act, 1958.

44 of 1958.

4. The Unit Trust of India, established under the Unit Trust of India Act, 1963.

52 of 1963.

5. The Industrial Development Bank of India, established under the Industrial Development Bank of India Act, 1964.

18 of 1964.

(6. State Electricity Boards, constituted under the Electricity (Supply) Act, 1948.

54 of 1948.

7. The Life Insurance Corporation of India, established under the Life Insurance Corporation Act, 1956,

31 of 1956.

8. The Rehabilitation Industries Corporation of India Limited.
9. The State Trading Corporation of India Limited.
10. The Minerals and Metals Trading Corporation of India Limited.
11. The Rural Electrification Corporation Limited.
12. The Agricultural Finance Corporation Limited.
13. The Industrial Reconstruction Corporation of India Limited.
14. The Industrial Credit and Investment Corporation of India Limited.
15. The National Industrial Development Corporation of India Limited.
16. The State Industrial and Investment Corporation of Maharashtra Limited.”.

24. (1) The following amendment (being an amendment of a consequential nature) shall be made in the Income-tax Act, namely:—

In section 155, in sub-section (5A), the following *Explanation* shall be inserted, and shall be deemed always to have inserted, at the end, namely:—

Explanation.—For the purposes of this sub-section, where an assessee having any leasehold or other right of occupancy in any land transfers such right, he shall be deemed to have sold or otherwise transferred such land.”.

(2) The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act with effect from the 1st day of April, 1976, namely:—

(a) in sub-clause (ii) of clause (3) of section 17, after the word, brackets, figures and letter “clause (10A)”, the word, brackets, figures and letter clause “(10B)”, shall be inserted;

(b) in sub-section (3) of section 80A, after the words, figures and letter “or section 80J”, the words, figures and letters “or section 80JJ” shall be inserted;

(c) in sub-section (3) of section 80P,—

(i) after the words, figures and letter “or section 80J”, the words, figures and letters “or section 80JJ” shall be inserted;

Conse-
quential
Amend-
ments to
certain
sections.

(ii) for the words, figures and letters "section 80HH and section 80J", the words, figures and letters "section 80HH, section 80J and section 80JJ" shall be substituted.

Wealth-tax

Amend-
ment of
section 2.

25. In section 2 of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act), for clause (h), the following clause shall be substituted, namely:—

(h) "company" means a company formed and registered under the Companies Act, 1956 and includes—

27 of 1957.

1 of 1956.

(i) a company formed and registered under any law relating to companies formerly in force in any part of India;

(ii) a corporation established by or under a Central, State or Provincial Act;

(iii) any institution, association or body, whether incorporated or not and whether Indian or non-Indian, which the Board may, having regard to the nature and objects of such institution, association or body, declare by general or special order to be a company:

Provided that such institution, association or body shall be deemed to be a company only for such assessment year or assessment years (whether commencing before the 1st day of April, 1975 or on or after that date) as may be specified in the declaration;

(iv) any body corporate incorporated by or under the laws of a country outside India.'

Amend-
ment of
section 4.

26. In section 4 of the Wealth-tax Act, for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) Where the value of any assets is to be included in the net wealth of an assessee in accordance with clause (a) of sub-section (1),—

(a) there shall be deducted from such value any debts owing on the valuation date by the transferee mentioned in that clause in so far as such debts are referable to such assets; and

(b) the provisions of section 5 shall apply in relation to such assets as if such assets were assets belonging to the assessee."

Amend-
ment of
section 5.

27. In section 5 of the Wealth-tax Act,—

(a) in sub-section (1),—

(i) in the second proviso to clause (viii), for the words "twenty-five thousand rupees", the words "thirty thousand rupees" shall be substituted;

(ii) after clause (viii), the following clause shall be inserted with effect from the 1st day of April, 1976, namely:—

"(viii) trees standing on agricultural land, not being trees in an orchard or a plantation;"

(iii) in clauses (xx) and (xxxviii), the words "held by the assessee" shall be omitted;

(iv) after clause (xx), the following clause shall be inserted, namely:—

“(xxa) the value of any equity shares in any company of the type referred to in clause (d) of section 45 which is established with the main object of carrying on the business of manufacture or production of any one or more of the articles or things specified in the list in the Ninth Schedule to the Income-tax Act, where such shares form part of the initial issue of equity share capital made by the company after the 28th day of February, 1975, for a period of five successive assessment years commencing with the assessment year next following the date on which such shares were first issued;”;

(v) in clause (xxiii), for the brackets, words and figures “[not being shares referred to in clause (xx)] held by the assessee”, the brackets, words, figures and letter “[not being shares referred to in clause (xx) or clause (xxa)]” shall be substituted;

(b) in the proviso to sub-section (1A), for the words “held by the assessee”, the words “owned by the assessee” shall be substituted;

(c) in sub-section (3),—

(i) for the brackets and figures “(xix)”, the brackets, figures and letter “(xix), (xxa)” shall be substituted;

(ii) for the words “held by him”, the words “owned by him” shall be substituted;

(iii) in the *Explanation*, for the words “ceased to hold”, the words “ceased to own” and for the words “held such other asset”, the words “has owned such other asset” shall be substituted.

28. In section 45 of the Wealth-tax Act, after clause (g), the following clause shall be, and shall be deemed always to have been, inserted, namely:—

“(h) any company incorporated outside India which has no place of business in India.”.

Amend-
ment of
section
45.

Gift-tax

29. In section 4 of the Gift-tax Act, 1958, in clause (a) of sub-section (1), the following proviso shall be inserted, and shall be deemed to have been inserted, at the end, with effect from the 1st day of April, 1974, namely:—

“Provided that nothing contained in this clause shall apply in any case where the property is transferred to the Government or where the value of the consideration for the transfer is determined or approved by the Central Government or the Reserve Bank of India.”.

Amend-
ment of
Act 18
of 1958.

Miscellaneous

30. In section 16 of the Finance Act, 1974, in clause (a), for the words, figures and letters “the 1st day of June, 1975”, the words, figures and letters “the 1st day of January, 1977” shall be substituted.

Amend-
ment of
Act 20
of 1974.

CHAPTER IV
INDIRECT TAXES

Auxiliary duties of customs.

31. (1) In the case of goods mentioned in the First Schedule to the Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act), or in that Schedule as amended from time to time, there shall be levied and collected as an auxiliary duty of customs an amount equal to twenty per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962 (hereinafter referred to as the Customs Act).

32 of 1934.

(2) Sub-section (1) shall cease to have effect after the 30th day of June, 1976, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

52 of 1962.

(3) The auxiliary duties of customs referred to in sub-section (1) shall be in addition to any duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.

10 of 1897.

(4) The provisions of the Customs Act, and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.

Amendment of Act 1 of 1940.

32. In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1975", the figures "1976" shall be substituted.

Amendment of Act 1 of 1944.

33. (1) In the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act),—

(a) in section 2, in clause (f), after sub-clause (i), the following sub-clause shall be inserted, namely:—

"(ia) in relation to manufactured tobacco, includes the labelling or re-labelling of containers and repacking from bulk packs to retail packs or the adoption of any other treatment to render the product marketable to the consumer;";

(b) the First Schedule shall be amended in the manner specified in Parts I and II of the Second Schedule.

Auxiliary duties of excise.

34. (1) In the case of goods mentioned in the First Schedule to the Central Excises Act, or in that Schedule as amended from time to time, there shall be levied and collected as an auxiliary duty of excise an amount equal to twenty per cent. of the value of the goods as determined in accordance with the provisions of section 4 of the Central Excises Act.

(2) Sub-section (1) shall cease to have effect after the 30th day of June, 1976, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

10 of 1897.

(3) The auxiliary duties of excise referred to in sub-section (1) shall be in addition to any duties of excise chargeable on such goods under the Central Excises Act, or any other law for the time being in force.

3 of 1962.

(4) The auxiliary duties of excise leviable under sub-section (1) in the financial year 1975-76 shall be for the purposes of the Union and the proceeds thereof shall not be distributed among the States and the auxiliary duties of excise leviable under sub-section (1) in the financial year 1976-77 shall, for the purposes of section 2 of the Union Duties of Excise (Distribution) Act, 1962, be deemed to be auxiliary duties of excise levied and collected under the Finance Act of the financial year 1976-77 and the provisions of the 1962-Act aforesaid shall apply accordingly.

(5) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules, as the case may be.

35. The First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957 shall be amended in the manner specified in the Third Schedule.

36. For the year beginning on the 1st day of April, 1975, no duty under the Central Excises Act or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

37. (1) Notwithstanding any judgment, decree or order of any court, in all Central laws, providing for or relating to the levy on iron or steel products of duties of excise, as in force during or at any time during the period commencing with the appointed day and ending with the 28th day of February, 1975,—

(I) any reference to strips shall be construed as including and as having always included skelp as defined in *Explanation 2* unless such Central law excluded, expressly or by necessary implication, skelp from strips; and

(II) any reference to skelp shall be construed as having and having always had the meaning assigned to it in *Explanation 2*, and accordingly—

(a) all duties of excise levied, assessed or collected or purporting to have been levied, assessed or collected on skelp, as defined in *Explanation 2*, under any such Central law shall be deemed to be as validly levied, assessed or collected as if the provisions of this section had been in force at all material times when such duties of excise were levied, assessed or collected;

(b) no suit or other proceeding shall be maintained or continued in any court for the refund of, and no enforcement shall be made by any court of any decree or order directing the refund of, any such duties of excise which have been collected and which would have been validly collected if the provisions of this section had been in force at all material times when such duties were collected;

(c) refunds shall be made of all such duties of excise which have been collected but which would not have been collected if the provisions of this section had been in force at all material times when such duties were collected; and

(d) recoveries shall be made of all such duties of excise which have not been collected but which would have been collected if the provisions of this section had been in force as from the appointed day.

Amendment of
Act 58
of 1957.
Discontinuance
of salt
duty.

Special
provi-
sions as
to duties
of ex-
cise on
skelp.

Explanation 1.—In this sub-section—

(a) “appointed day” means the 24th day of April, 1962, being the day immediately following the date of introduction of the Finance (No. 2) Bill, 1962, which, *inter alia*, provided for the levy of duties of excise on strips;

(b) “Central law” means—

(i) a Central Act;

(ii) any provision in a Bill introduced in the House of the People in respect of which a declaration was made under section 3 of the Provisional Collection of Taxes Act, 1931;

(iii) any rule or notification made or issued under such Central Act or provision;

(c) “duties of excise” include regulatory duties of excise and auxiliary duties of excise.

Explanation 2.—For the purposes of this section, “skelp” means hot rolled narrow strip of width not exceeding six hundred millimetres with rolled (square, slightly round or bevelled) edge.

(2) For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable if this section had not come into force.

16 of 1931.

CHAPTER V

CENTRAL SALES TAX

Amend-
ment of
Act 74
of 1956.

38. In the Central Sales Tax Act, 1956, with effect from the 1st day of July, 1975,—

(1) in section 6, in sub-section (2), in clause (a) of the second proviso, for the words “three per cent.”, the words “four per cent.” shall be substituted;

(2) in section 8,—

(a) in sub-section (1), for the words “three per cent.”, the words “four per cent.” shall be substituted;

(b) in sub-section (2), in clause (a), for the words “at the rate”, the words “at twice the rate” shall be substituted;

(c) in sub-section (2A),—

(i) for the words, brackets and figure “or sub-section (2)”, the words, brackets, letter and figure “or clause (b) of sub-section (2)” shall be substituted;

(ii) for the words “three per cent.”, the words “four per cent.” shall be substituted;

(3) in section 15, in clause (a), for the words “three per cent.” the words “four per cent.” shall be substituted

Declaration under the Provisional Collection of Taxes Act, 1931

It is hereby declared that it is expedient in the public interest that the provisions of clause 31 to 35 (both inclusive) and clause 37 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

THE FIRST SCHEDULE

(See section 2)

PART I

INCOME-TAX AND SURCHARGE ON INCOME-TAX

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 6,000	Nil;
(2) where the total income exceeds Rs. 6,000 but does not exceed Rs. 10,000	12 per cent. of the amount by which the total income exceeds Rs. 6,000;
(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 480 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,230 plus 20 per cent. of the amount by which the total income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,230 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 3,730 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 5,730 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
(8) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000	Rs. 15,730 plus 60 per cent. of the amount by which the total income exceeds Rs. 50,000;
(9) where the total income exceeds Rs. 70,000	Rs. 27,730 plus 70 per cent. of the amount by which the total income exceeds Rs. 70,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1975 exceeds Rs. 6,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 6,000	Nil;
(2) where the total income exceeds Rs. 6,000 but does not exceed Rs. 10,000	15 per cent. of the amount by which the total income exceeds Rs. 6,000;
(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 600 plus 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,600 plus 30 per cent. of the amount by which the total income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 3,100 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000;
(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 5,100 plus 50 per cent. of the amount by which the total income exceeds Rs. 25,000;
(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 7,600 plus 60 per cent. of the amount by which the total income exceeds Rs. 30,000;
(8) where the total income exceeds Rs. 50,000	Rs. 19,600 plus 70 per cent. of the amount by which the total income exceeds Rs. 50,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	15 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

*Paragraph C**Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	Nil;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	5 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 750 plus 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,500 plus 15 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 10,000 plus 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	Nil;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	4 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 600 plus 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,350 plus 13 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 8,850 plus 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Explanation.—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

31 of 1956.

Rates of income-tax

(i) on that part of its total income which consists of profits and gains from life insurance business 52.5 per cent.;

(ii) on the balance, if any, of the total income

the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

Paragraph F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

31 of 1956.

Rates of income-tax

I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested,—

(i) in a case where the total income does not exceed Rs. 1,00,000 45 per cent. of the total income;

(ii) in a case where the total income exceeds Rs. 1,00,000 55 per cent. of the total income;

(2) where the company is not a company in which the public are substantially interested,—

(i) in the case of an industrial company—

(a) on so much of the total income as does not exceed Rs. 2,00,000 55 per cent.;

(b) on the balance, if any, of the total income 60 per cent.;
 (ii) in any other case 65 per cent. of the total income;

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 1,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 1,00,000 (the income of Rs. 1,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 1,00,000.

II. In the case of a company other than a domestic company—

(i) on so much of the total income as consists of—

(a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or

(b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.;

(ii) on the balance, if any, of the total income 70 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PART II

Rates for deduction of tax at source in certain cases

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194D and 195 of the Income-tax Act, tax is to be deducted at the

rates in force, deduction shall be made from the income subject to deduction at the following rates:—

Income-tax		
	Rate of income-tax	Rate of surcharge
1. In the case of a person other than a company—		
(a) where the person is resident—		
(i) on income by way of interest other than "Interest on securities"	10 per cent.	Nil;
(ii) on income by way of winnings from lotteries and crossword puzzles	30 per cent.	3 per cent.,
(iii) on income by way of insurance commission	10 per cent.	Nil;
(iv) on any other income (excluding interest payable on a tax-free security)	21 per cent.	2 per cent.;
(b) where the person is not resident in India—		
(i) on the whole income (excluding interest payable on a tax-free security)	income-tax at 30 per cent. and surcharge at 3 per cent. of the amount of the income, or income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income,	
	whichever is higher;	
(ii) on income by way of interest payable on a tax-free security.	15 per cent.	1.5 per cent.
2. In the case of a company—		
(a) where the company is a domestic company—		
(i) on income by way of interest other than "Interest on securities"	20 per cent.	1 per cent.;
(ii) on any other income (excluding interest payable on a tax-free security)	22 per cent.	1 per cent.;

Income-tax		
	Rate of income-tax	Rate of surcharge
(b) where the company is not a domestic company—		
(i) on income by way of dividends payable by any domestic company	24.5 per cent.	1.225 per cent.;
(ii) on income by way of royalties payable by an Indian concern in pursuance of an agree- ment made by it with the Indian concern after the 31st day of March, 1961, and which has been ap- proved by the Central Government	50 per cent.	2.5 per cent.;
(iii) on income by way of fees payable by an Indian concern for ren- dering technical services in pursuance of an agree- ment made by it with the Indian concern after the 29th day of February, 1964, and which has been approved by the Central Government	50 per cent.	2.5 per cent.;
(iv) on income by way of interest payable on a tax-free security	44 per cent.	2.2 per cent.;
(v) on any other income	70 per cent.	3.5 per cent.

PART III

Rates for calculating or changing income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" or any payment referred to in sub-section (9) of section 80E and computing "advance tax".

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" (not being "advance tax" in respect of any income chargeable to tax under section 164 of the Income-tax Act at

the rate of sixty-five per cent.) shall be so calculated, charged, deducted or computed at the following rate or rates:—

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 6,000	Nil;
(2) where the total income exceeds Rs. 6,000 but does not exceed Rs. 10,000	12 per cent. of the amount by which the total income exceeds Rs. 6,000;
(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 480 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,230 plus 20 per cent. of the amount by which the total income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,230 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 3,730 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 5,730 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
(8) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000	Rs. 15,730 plus 60 per cent. of the amount by which the total income exceeds Rs. 50,000;
(9) where the total income exceeds Rs. 70,000	Rs. 27,730 plus 70 per cent. of the amount by which the total income exceeds Rs. 70,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the

previous year relevant to the assessment year commencing on the 1st day of April, 1976 exceeds Rs. 6,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 6,000	<i>Nil;</i>
(2) where the total income exceeds Rs. 6,000 but does not exceed Rs. 10,000	15 per cent. of the amount by which the total income exceeds Rs. 6,000;
(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 600 plus 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,600 plus 30 per cent. of the amount by which the total income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 3,100 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000;
(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 5,100 plus 50 per cent. of the amount by which the total income exceeds Rs. 25,000;
(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 7,600 plus 60 per cent. of the amount by which the total income exceeds Rs. 30,000;
(8) where the total income exceeds Rs. 50,000	Rs. 19,600 plus 70 per cent. of the amount by which the total income exceeds Rs. 50,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	15 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of Income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

*Paragraph C**Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	Nil;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	5 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 750 plus 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,500 plus 15 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 10,000 plus 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	Nil;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	4 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 600 plus 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,350 plus 13 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 8,850 plus 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Explanation.—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	50 per cent.
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Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

Rates of income-tax

(i) on that part of its total income which consists of profits and gains from life insurance business	52.5 per cent.;
(ii) on the balance, if any, of the total income	the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

Paragraph F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

Rates of income-tax

I. In the case of a domestic company,—

(1) where the company is a company in which the

public are substantially interested,—

(i) in a case where the total income does not exceed Rs. 1,00,000 45 per cent. of the total income;

(ii) in a case where the total income exceeds Rs. 1,00,000 55 per cent. of the total income;

(2) where the company is not a company in which the public are substantially interested,—

(i) in the case of an industrial company,—

(a) where the total income does not exceed Rs. 2,00,000 55 per cent. of the total income;

(b) where the total income exceeds Rs. 2,00,000 60 per cent. of the total income;

(ii) in any other case 65 per cent. of the total income:

Provided that—

(i) the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 1,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 1,00,000 (the income of Rs. 1,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 1,00,000;

(ii) the income-tax payable by a domestic company, not being a company in which the public are substantially interested, which is an industrial company and the total income of which exceeds Rs. 2,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 2,00,000 (the income of Rs. 2,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 2,00,000.

II. In the case of a company other than a domestic company—

(i) on so much of the total income as consists of—

(a) royalties received from an Indian concern

in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or

(b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.;

(ii) on the balance, if any, of the total income 70 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PART IV

[See section 2(8) (e)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.—Agricultural income of the nature referred to in sub-clause (a) of clause (1) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head “Income from other sources” and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

Rule 2.—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head “Profits and gains of business or profession” and the provisions of sections 30, 31, 32, 34, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43 and 43A of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.—Agricultural income of the nature referred to in sub-clause (c) of clause (1) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it

were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of the said section 23 shall apply subject to the modifications that the references to "total income" therein shall be construed as references to net agricultural income and that the words, figures and letter "and before making any deduction under Chapter VIA" shall be omitted.

Rule 4.—Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

Rule 5.—Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income, then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 7.—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of section 183 of the Income-tax Act or is a member of an association of persons or body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 8.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 9.—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1975, any agricultural income and the net result of the computation of the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1974 is a loss, then, for the purposes of sub-section (2) of section 2 of this Act, the loss so computed shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1975.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1976 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1974, or the 1st day of April, 1975, or both, is a loss, then, for the purposes of sub-section (7) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1974, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, and

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1976 or the period aforesaid.

(3) Where a change has occurred in the constitution of a firm, nothing in sub-rule (1) or sub-rule (2) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him.

(4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Income-tax Officer under the provisions of these rules, or the rules contained in Part IV of the First Schedule to the Finance Act, 1974, shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

Rule 10.—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

Rule 11.—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 12.—For the purposes of computing the net agricultural income of the assessee, the Income-tax Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

[See section 33 (b)]

PART I

In the First Schedule to the Central Excises Act,—

(i) in Item No. 1, for the entry in the third column against sub-item (1), the entry "Thirty-seven and a half per cent. *ad valorem*." shall be substituted;

(ii) in Item No. 4, under "I. Unmanufactured tobacco—", for the entry in the third column against sub-item (8), the entry "One rupee and ninety paise" shall be substituted;

(iii) in Item No. 6, for the entry in the third column, the entry "Two thousand and one hundred rupees per kilolitre at fifteen de- and ninety paise" shall be substituted;

(iv) in Item No. 14D, for the entry in the third column, the entry "Twenty-five per cent. *ad valorem*." shall be substituted;

(v) in Item No. 14F, for the entry in the third column, the entry "Forty per cent. *ad valorem*." shall be substituted;

(vi) in Item No. 16, in the second column, after the words "and includes the inner tube", the words ", the tyre flap" shall be inserted;

(vii) in Item No. 17, for the entry in the third column against sub-item (3), the entry "Ninety paise per kilogram" shall be substituted;

(viii) in Item No. 18A, for the entries in the third column against sub-items (1) and (2), the entries "Ten rupees per kilogram." and "Four rupees per kilogram." shall, respectively, be substituted;

(ix) in Item No. 23, for the entry in the third column, the entry "Thirty-five per cent. *ad valorem*." shall be substituted;

(x) in Item No. 23A, for the entries in the third column against sub-items (1), (3) and (4), the entries "Thirty per cent. *ad valorem*." "Fifteen per cent. *ad valorem*." and "Thirty per cent. *ad valorem*." shall, respectively, be substituted;

(xi) in Item No. 23B, for the entries in the third column against sub-items (1), (2), (3) and (4), the entries "Thirty per cent. *ad valorem*.", "Forty per cent. *ad valorem*.", "Forty per cent. *ad valorem*." and "Twenty-five per cent. *ad valorem*." shall, respectively, be substituted;

(xii) in Item No. 26AA, in the second column, the following *Explanation* shall be inserted at the end, namely:—

'*Explanation*.—"skelp" means hot rolled narrow strip of width not exceeding six hundred millimetres with rolled (square, slightly round or bevelled) edge.';

(xiii) in Item No. 27, for each of the entries in the third column against sub-items (a) (i), (a) (ii), (b), (c), (d), (e) and (f), the entry "Thirty per cent. *ad valorem* plus two thousand rupees per metric tonne." shall be substituted;

(xiv) in Item No. 29A, for the entries in the third column against sub-items (2) and (3), the entries "One hundred per cent. *ad valorem*." and "One hundred and twenty-five per cent. *ad valorem*." shall, respectively, be substituted;

(xv) in Item No. 33, for the entries in the third column against sub-items (1) and (3), the entries "Fifteen per cent. *ad valorem*." and "Twenty per cent. *ad valorem*." shall, respectively, be substituted;

(xvi) in Item No. 33B, for the entry in the third column against sub-item (1), the entry "Seventeen and a half per cent. *ad valorem*." shall be substituted;

(xvii) in Item No. 48, for the entry in the third column, the entry "Twenty per cent. *ad valorem*." shall be substituted.

PART II

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
In the First Schedule to the Central Excises Act,—		
	(i) in Item No. 4, under "II. Manufactured tobacco,"—	
	(a) for the entries against sub-item (3), the following entries shall be substituted, namely:—	
	“(i) Biris in the manufacture of which any process has been conducted with the aid of machines operated with or without the aid of power	Three rupees and eighty paise per thousand
	(ii) other biris	Eighty paise per thousand.”;
	(b) after sub-item (4), the following sub-items shall be inserted, namely:—	
	“(5) Chewing tobacco	Ten per cent. <i>ad valorem</i> .
	(6) Snuff	
	(ii) for Item No. 18, the following Item shall be substituted, namely:—	Ten per cent. <i>ad valorem</i> .”;
18.	RAYON AND SYNTHETIC FIBRES AND YARN INCLUDING TEXTURED YARN,	

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
IN OR IN RELATION TO THE MANUFAC- TURE OF WHICH ANY PROCESS IS ORDINARILY CAR- RIED ON WITH THE AID OF POWER—		
(i) Fibres and Yarn, other than Tex- tured Yarn		Eighty-five rupees per kilogram
(ii) Textured Yarn		The duty for the time being leviable on the base yarn, if not already paid, <i>plus</i> twenty rupees per kilogram.'

Explanation I.—Fibres and Yarn, other than Textured Yarn, shall be deemed to include—

- (i) man-made fibres;
- (ii) Spun (discontinuous) yarn containing not less than ninety per cent. by weight of man-made fibres calculated on the total fibre content;
- (iii) man-made filament (continuous) yarn into which coils, crimps or loops are not set; and
- (iv) man-made metallic yarn.

Explanation II.—“Textured Yarn” shall be deemed to include man-made filament yarn, into which are set coils, crimps or loops.

Explanation III.—“Base yarn” means yarn falling under sub-item (i) of this Item from which the Textured Yarn has been produced.

(iii) for Item No. 33A, the following Item shall be substituted, namely:—

“33A WIRELESS RECEI-
VING SETS, ALL
SORTS, INCLUDING
ANY COMBINATION
OF TWO OR MORE
OF THE FOLLOW-

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
ING, NAMELY, BROADCAST TELEVISION RECEIVER SETS, RADIOS (INCLUDING TRANSISTOR SETS), GRAMOPHONES (INCLUDING RECORD PLAYERS, RECORD PLAYING DECKS AND RECORD CHANGING DECKS) AND TAPE RECORDERS (INCLUDING CASSETTE RECORDERS AND TAPE DECKS), IN EACH CASE WHETHER WITH OR WITHOUT LOUD-SPEAKERS—		
(1)	Broadcast television receiver sets.	Twenty per cent. <i>ad valorem.</i>
(2)	Radios (including transistor sets).	Three hundred rupees per set.
(3)	Radiograms (including radio or transistor sets with extra space in cabinet for fitting in record players or record changers).	Three hundred rupees per set.
(4)	Others.	Thirty per cent. <i>ad valorem.</i> ”;
(iv) for Item No. 43, the following Item shall be substituted, namely:—		
“43	WOOL TOPS, THAT IS TO SAY, TOPS CONTAINING MORE THAN FIFTY PER CENT. BY WEIGHT OF WOOL CALCULATED ON THE TOTAL FIBRE CONTENT	Ten rupees per kilogram.”;
(v) after Item No. 66, the following Items shall be inserted, namely:—		
‘67	GRAPHITE ELECTRODES AND ANODES, ALL SORTS	Fifteen per cent. <i>ad valorem.</i>

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
68	<p>ALL OTHER GOODS, NOT ELSEWHERE SPECIFIED, MANUFACTURED IN A FACTORY BUT EXCLUDING—</p> <p>(a) alcohol all sorts including alcoholic liquors for human consumption;</p> <p>(b) opium, Indian hemp and other narcotic drugs and narcotics; and</p> <p>(c) dutiable goods as defined in section 2(c) of the Medicinal and Toilet Preparations (Excise Duties) Act, 1955</p>	<p>One per cent. <i>ad valorem.</i></p>

16 of 1955.

Explanation.—In this Item, the expression “factory” has the meaning assigned to it in section 2(m) of the Factories Act, 1948.

63 of 1948.

THE THIRD SCHEDULE

(See section 35)

Item No. in the First Schedule to the Central Excises and Salt Act, 1944	Description of goods	Rate of additional duty
1	2	3

In the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957, in Item No. 4, under "II. Manufactured tobacco—", for the entries against sub-item (3), the following entries shall be substituted, namely:—

58 of 1957.

"(i) Biris in the manufacture of which any process has been conducted with the aid of machines operated with or without the aid of power;	Eighty paise per thousand;
(ii) Other biris	Twenty paise per thousand."

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 1975-76. The notes on clauses explain the various provisions contained in the Bill.

NEW DELHI;
The 28th February, 1975.

C. SUBRAMANIAM,

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND
274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. F. 4(10)-B/75, dated the 28th February, 1975 from Shri C. Subramaniam, Minister of Finance to the Secretary-General, Lok Sabha].

The President, having been informed of the subject matter of the proposed Bill, recommends under article 117(1) and (3) read with article 274(1) of the Constitution of India, the introduction of the Finance Bill 1975 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th February, 1975.

Notes on clauses

Clause 2, read with the First Schedule to the Bill, seeks to prescribe the rates at which income-tax (including surcharge thereon) is to be levied on income chargeable to tax for the assessment year 1975-76. Further, it lays down the rates at which tax is to be deducted at source during the financial year 1975-76 from incomes subject to such deduction under the Income-tax Act; and the rates at which "advance tax" is to be paid and tax is to be calculated and charged in special cases for the financial year 1975-76.

Rates of income-tax for the assessment year 1975-76.—The rates of income-tax (including surcharge) in the case of all categories of taxpayers on incomes liable to tax for the assessment year 1975-76 are the same as those specified in Part III of the First Schedule to the Finance Act, 1974 for purposes of deduction of tax at source from "Salaries" and for computation of "advance tax" payable during the financial year 1974-75.

Rates for deduction of tax at source during the financial year 1975-76 from incomes other than "Salaries".—Part II of the First Schedule to the Bill specifies the rates at which income-tax (including surcharge where applicable) is to be deducted at source during the financial year 1975-76 from incomes other than "Salaries" and the retirement annuities under section 80E(9) of the Income-tax Act. The rates specified in this Part are the same as those specified in Part II of the First Schedule to the Finance Act, 1974 for deduction of tax at source.

Rates for deduction of tax at source from "Salaries" and retirement annuities, computation of "advance tax" and charging of income-tax in special cases during the financial year 1975-76.—Part III of the First Schedule to the Bill specifies the rates at which income-tax (including surcharge) is to be deducted at source from "Salaries" and retirement annuities referred to in section 80E(9) of the Income-tax Act and also the rates at which "advance tax" is to be paid and income-tax is to be calculated and charged in special cases for the financial year 1975-76. The rates of income-tax (including surcharge) in the case of non-corporate taxpayers are the same as those specified in Part III of the First Schedule to the Finance Act, 1974.

One change has been proposed in the sphere of corporate taxation. In the case of a closely-held domestic company, which is an industrial company, the first Rs. 2 lakhs of the income is charged to tax at present at the rate of 55 per cent. and the rate of 60 per cent. is applicable on the balance of the total income of such a company. The concessional rate of 55 per cent. will now be applicable only to such companies having a total income not exceeding Rs. 2 lakhs. Where the total income of the company exceeds Rs. 2 lakhs, the higher rate of 60 per cent. will apply to the entire income of the company, subject to the usual marginal relief.

The rates of surcharge on income-tax in the case of companies will continue at the existing level.

Clause 3 seeks to make certain amendments in section 10 of the Income-tax Act relating to incomes not included in the total income.

Sub-clause (a) seeks to amend clause (5) of section 10. Under the existing provisions of clause (5), the travel concession or assistance provided by the employer to an Indian citizen for meeting expenditure on journeys to any place in India performed by the assessee, his spouse and children in connection with his proceeding to any place in India on leave or after retirement from service, or after the termination of service, is exempted from income-tax to the extent the value of the concession or assistance does not exceed the amount that would have been received by or due to the assessee had he proceeded to his home district in India. Under the proposed amendment, the aforesaid provision is being modified in two respects—firstly, the exemption from income-tax will also be available in respect of the travel concession or assistance provided by the employer for meeting expenditure on journeys performed by the dependent parents and brothers and sisters of the assessee; and, secondly, the Board will have the power to prescribe (having regard to the travel concession or assistance granted to the employees of the Central Government) in the Income-tax Rules exceptions to the condition that the exemption from income-tax in respect of travel concession or assistance will be limited to the amount that would have been due to the assessee had he proceeded on leave, or after retirement from service, or after the termination of his service, to his home district in India.

Sub-clause (b) seeks to insert a new clause (10B) in the said section 10. The new clause provides for exemption in respect of any retrenchment compensation received by a workman under the provisions of the Industrial Disputes Act, 1947 or under any other similar enactment or under any rule, orders or notifications issued under such enactment or under any standing order, award, contract of service or agreement. The maximum amount exempt under this clause will be the sum calculated on the basis provided in clause (b) of section 25F of the Industrial Disputes Act, or Rs. 20,000, whichever is less.

This amendment will take effect from 1st April, 1976 and will accordingly apply in relation to the assessment year 1976-77 and subsequent years.

Sub-clause (c) seeks to amend clause (13A) of the said section 10 relating to exemption from income-tax in respect of house rent allowance granted by an employer to an employee. The amendment seeks to raise the ceiling limit in respect of the house rent allowance exempt from three hundred rupees to four hundred rupees per month.

Sub-clause (d) seeks to amend clause (14) of the said section 10. Under the proposed amendment, exemption from income-tax will not be available in respect of any allowance granted to the assessee for meeting his personal expenses at the place where the duties of his office or employment of profit are ordinarily performed by him or at the place where he ordinarily resides.

This amendment will take effect retrospectively from 1st April, 1962, i.e., the date of the commencement of the Income-tax Act.

Sub-clause (e) seeks to omit, with effect from 1st April, 1976, clause (27) of the said section 10 relating to exemption from income-tax in respect of income derived from business of live-stock breeding, or poultry or dairy

farming. Income from the business of live-stock breeding, or poultry or dairy farming will, however, qualify for such deduction as is allowable under the new section 80JJ proposed to be inserted in the Income-tax Act by clause 13 of the Bill.

Clause 4 seeks to insert a second proviso in clause (ii) of sub-section (1) of section 32 of the Income-tax Act relating to deduction in respect of depreciation. Under the proposed amendment, no depreciation will be allowed in respect of any motor car manufactured outside India, acquired by the assessee after 28th February, 1975, if used otherwise than in a business of running it on hire for tourists.

This amendment will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

Clause 5 seeks to insert an *Explanation* in section 33A of the Income-tax Act. Under the proposed *Explanation*, an assessee having a leasehold or other right of occupancy in any land shall be deemed to own such land and where the transfers such right, he shall be deemed to have sold or otherwise transferred such land. The effect of the amendment would be to enable an assessee who carries on the business of growing and manufacturing tea in India to claim development allowance in respect of tea bushes planted not merely on lands owned by him as at present but also on lands in respect of which he has a leasehold or other right of occupancy.

This amendment will take effect retrospectively from the date from which section 33A was brought into force, that is, 1st April, 1965.

Clause 6 seeks to insert two new sub-sections, namely, sub-section (7) and (8) in section 40A of the Income-tax Act. Sub-clause (a) seeks to insert new sub-section (7). Under the new sub-section (7), no deduction will be allowed, in the computation of the profits and gains of a business or profession, in respect of any reserve created or provision made for the payment of gratuity to the employees on retirement or on termination of employment for any reason. This restriction will, however, not apply in relation to any provision made for the purpose of payment of a sum by way of contribution towards an approved gratuity fund that has become payable during the previous year, or for the purpose of meeting actual liability in respect of payment of gratuity to the employees that has arisen during the previous year.

This amendment will take effect retrospectively from 1st April, 1973 and will accordingly apply in relation to the assessment year 1973-74 and subsequent years.

Sub-clause (b) seeks to insert new sub-section (8). Under the new sub-section (8), fifteen per cent. of the interest paid by non-banking non-financial companies on deposits received by them from the public will be disallowed in computing their total income.

This amendment will take effect from 1st April, 1976 and will, accordingly, apply in relation to the assessment year 1976-77 and subsequent years.

Clause 7 seeks to amend the proviso to clause (1) of section 43 of the Income-tax Act relating to the definition of certain terms relevant to profits and gains of business or profession. Under the existing provision, the actual cost of a motor car, for the purposes of calculating depreciation allowance, is limited to Rs. 25,000 where the motor car is acquired after 31st March, 1967 and is used otherwise than in a business of running it on hire for tourists. Under the proposed amendment, the aforesaid provision will not apply in relation to motor cars acquired after 28th February, 1975.

Clause 8 seeks to insert a new section 44B in the Income-tax Act. Under the new section, in the case of a non-resident, the profits and gains from the business of operation of ships will be taken at an amount equal to 7½ per cent. of the amount paid or payable to the assessee or to any other person on his behalf, on account of the carriage of passengers, live-stock, mail or goods shipped at any Indian port as also of the amount received, or deemed to be received, in India on account of the carriage of passengers, live-stock, mail or goods shipped at any port outside India.

This amendment will take effect from 1st April, 1976 and will accordingly apply in relation to the assessment year 1976-77 and subsequent years.

Clause 9 seeks to insert a proviso in sub-section (2) of section 52 of the Income-tax Act relating to determination of consideration for transfer in cases of under-statement. Section 52(2) provides that in cases where the fair market value of a capital asset as on the date of its transfer exceeds the full value of the consideration declared by the assessee in respect of such transfer by an amount of not less than fifteen per cent. thereof, the capital gains in respect of the asset shall be computed with reference to its fair market value. The amendment seeks to make the aforesaid provision inapplicable to cases where the capital asset is transferred to the Government or where the full value of the consideration for the transfer of the capital asset is determined or approved by the Central Government or the Reserve Bank of India and the adequacy of the full value of the consideration so determined or approved is not questioned by the assessee.

This amendment will take effect retrospectively from 1st April, 1974 and will accordingly apply in relation to the assessment year 1974-75 and subsequent years.

Clause 10 seeks to amend section 80C of the Income-tax Act relating to deduction in respect of life insurance premia, contributions to provident fund, etc. Under the proposed amendment, the quantum of deduction from taxable income in respect of long-term savings through life insurance, provident fund, etc., in the case of individuals and Hindu undivided families will be varied so as to allow a deduction of the whole of the first Rs. 4,000 of the qualifying savings plus 50 per cent. of the next Rs. 6,000 plus 40 per cent. of the remainder of the qualifying savings. This amendment will also apply in the case of association or persons or body of individuals consisting only of husband and wife governed by the system of "community of property" in force in the Union territories of Dadra and Nagar Haveli and Goa, Daman and Diu.

This amendment will take effect from 1st April, 1976 and will accordingly apply in relation to the assessment year 1976-77 and subsequent years.

Clause 11 seeks to insert a new section 80FF in the Income-tax Act. Under the new section 80FF, an Indian citizen whose gross total income (i.e., the total income without taking into account the deductions provided under Chapter VIA of the Income-tax Act) does not exceed Rs. 12,000 will be entitled to a deduction in respect of any expenditure incurred by him out of his income chargeable to tax on the full time education of any of his two children dependent on him. The deduction will be allowed in an amount equal to Rs. 1,000 in respect of a child attending a degree or post graduate course in medicine or architecture or engineering or technology and Rs. 500 in respect of a child attending any other degree or post graduate course, or attending a diploma course in medicine or architecture or engineering or technology.

This amendment will take effect from 1st April, 1976 and will accordingly apply in relation to the assessment year 1976-77 and subsequent years.

Clause 12 seeks to make certain amendments in section 80J of the Income-tax Act relating to deduction in respect of profits and gains from newly established industrial undertakings, etc.

Sub-clause (a) seeks to insert a proviso in sub-section (1) of section 80J of the Income-tax Act with effect from 1st April, 1976. Under the proposed proviso, the quantum of deduction in respect of "tax holiday" profits will be increased, in the case of companies, from six per cent. to seven and a half per cent. of the capital employed in cases where the industrial undertaking begins to manufacture or produce articles or to operate its cold storage plant or plants after 31st March, 1976, or the ship is first brought into use after that date, or the business of the hotel starts functioning after that date.

Sub-clause (b) seeks to make three amendments in sub-section (4) of section 80J of the Income-tax Act.

The amendment proposed in sub-clause (b)(i) seeks to secure that the deduction under section 80J of the Income-tax Act is allowed even in cases where the new industrial undertaking is set up in an existing building. This amendment will take effect from 1st April, 1976.

The effect of the amendment proposed in sub-clause (b)(ii) will be that the deduction under section 80J of the Income-tax Act will be available to industrial undertakings which begin to manufacture or produce articles or to operate cold storage plant or plants at any time before 1st April, 1981. Under the existing provision, the tax holiday concession is available in the case of industrial undertakings which commence production or operation at any time before 1st April, 1976.

The amendment proposed in sub-clause (b)(iii) seeks to insert a proviso and two Explanations in sub-section (4) with effect from 1st April, 1976.

Under the proposed proviso, where any building previously used for any purpose is transferred to the business of the industrial undertaking, the value of the building so transferred will not be taken into account in computing the capital employed in the industrial undertaking.

Under *Explanation 1*, an industrial undertaking, formed by installation of reconditioned machinery or plant imported from abroad, will also qualify for the tax holiday concession under this section.

Explanation 2 seeks to provide that where the industrial undertaking is formed by transfer to a new business of any machinery or plant previously used for any purpose and the value of such machinery or plant does not exceed twenty per cent. of the total value of the machinery or plant used in the business, the tax holiday concession will not be denied to the industrial undertaking but in computing the capital employed in the industrial undertaking, the value of machinery or plant so transferred to the new industrial undertaking will not be taken into account. [Under the existing provision in section 80J, the tax holiday concession is denied in cases where the value of any building, machinery or plant previously used for any purpose and transferred to new business exceeds twenty per cent. of the total value of building, machinery or plant used in the new business.]

Sub-clause (c) seeks to amend clause (iii) of sub-section (5) of section 80J of the Income-tax Act. Under the amendment, the tax holiday concession in relation to a ship will be available in cases where the ship is brought into use at any time before 1st April, 1981. Under the existing provision, the tax holiday concession is available in the case of ships which are first brought into use at any time before 1st April, 1976.

Sub-clause (d) seeks to make three amendments in sub-section (6) of section 80J of the Income-tax Act.

The first two amendments seek to secure that the tax holiday concession under section 80J in relation to profits of the business of a hotel will not be available in cases where the hotel starts functioning after 31st March, 1981.

Sub-clause (d)(iii) seeks to substitute the *Explanation* below sub-section (6) by a new *Explanation* with effect from 1st April, 1976. This amendment is consequential to the insertion of *Explanation 2* in sub-section (4) of section 80J of the Income-tax Act by sub-clause (b)(iii).

Sub-clause (e) seeks to insert three new sub-sections in section 80J of the Income-tax Act with effect from 1st April, 1976.

Under the new sub-section (6A), in the case of an assessee other than a company or a co-operative society, the tax holiday concession will be available only if the accounts of the assessee for the relevant previous year have been audited by a chartered accountant or other accountant who is qualified to audit the accounts of companies and the report of such audit in a form to be prescribed for the purpose duly signed and verified by such accountant is furnished along with the return of income.

Under the new sub-section (6B), where any goods held for the purposes of the business of the industrial undertaking or the hotel or the operation of the ship are transferred to any other business carried on by the assessee, or *vice versa* and the consideration for such transfer is, in either case, not recorded in the accounts of the industrial undertaking or the hotel or the ship at the market value, the profits and gains of the industrial undertaking or the hotel or the operation of the ship, for the purposes of deter-

mining the tax holiday concession, will be computed as if the transfer had been made at the market value of such goods. In cases of exceptional difficulty, the Income-tax Officer will have the power to compute the profits and gains of the industrial undertaking or the hotel or the ship on any other reasonable basis.

New sub-section (6C) seeks to provide that where because of close connection between the assessee carrying on the business of the industrial undertaking or the hotel or the operation of the ship and any other person, or for any other reason, more than ordinary profits arise to the business of the industrial undertaking or the hotel or the operation of the ship, the Income-tax Officer will have the power to determine the reasonable profits that could be attributed to the industrial undertaking or the hotel or the ship for the purposes of determining the tax holiday concession admissible under section 80J of the Income-tax Act.

Clause 13 seeks to insert a new section 80JJ in the Income-tax Act. Under the new section, in computing the taxable income of an assessee deriving profits and gains from a business of live-stock breeding, or poultry or dairy farming, the whole of the profits and gains from the business of live-stock breeding, or poultry or dairy farming will be allowed as a deduction if such profits and gains do not exceed, in the aggregate, Rs. 10,000. In cases where such profits and gains exceed Rs. 10,000, the deduction under the new section will be limited to Rs. 10,000.

This amendment will take effect from 1st April, 1976 and will accordingly apply in relation to the assessment year 1976-77 and subsequent years.

Clause 14 seeks to amend section 80K of the Income-tax Act relating to deduction in respect of dividends attributable to profits and gains from new industrial undertakings or ships or hotel business. The effect of the amendment will be that the deduction under this section will not be available in respect of dividends attributable to the profits and gains derived by the company from an industrial undertaking which begins to manufacture or produce articles or to operate its cold storage plant or plants after 31st March, 1976 or from a ship brought into use after that date or from the business of a hotel which starts functioning after that date.

Clause 15 seeks to amend section 80M of the Income-tax Act relating to deduction in respect of certain inter-corporate dividends. Under the proposed amendment, domestic companies will be entitled to a deduction of the whole of the income by way of dividends received from a company which is formed and registered under the Companies Act, 1956 after 28th February, 1975 and is engaged exclusively or almost exclusively in the manufacture or production of one or more of the following articles or things, namely, fertilisers specified in item 11, paper, pulp and newsprint specified in item 18, cement specified in item 23 and pesticides specified in item 24, of the list in the Ninth Schedule.

This amendment will take effect from 1st April, 1976 and will accordingly apply in relation to the assessment year 1976-77 and subsequent assessment years.

Clause 16 seeks to amend section 80QQ of the Income-tax Act, relating to deduction in respect of profits and gains from the business of publication of books. The effect of the amendment will be that the deduction under that section in respect of profits and gains from the business of publication of books, to the extent of an amount equal to twenty per cent. of such profits, will now be available up to the assessment year 1980-81. Under the existing provision, the concession is available only up to and including the assessment year 1975-76.

Clause 17 seeks to insert a new section 80RRA in the Income-tax Act. Under the new section, a resident Indian citizen receiving remuneration from the Government of a foreign State or a foreign enterprise or any association or body established outside India for any service rendered by him outside India will be entitled to a deduction, in the computation of his taxable income, of an amount equal to fifty per cent. of such remuneration. This deduction will be allowed only in the case of Government employees and technicians. In the case of a Government employee, this deduction will be allowed where his service under or for the Government of the foreign State or the foreign enterprise or the association or body is sponsored by the Central Government. In the case of a technician in the employment of any other employer, the deduction will be allowed only in cases where the contract of service with the Government of the foreign State or the foreign enterprise or the association or body is approved by the Central Government or the prescribed authority. For the purposes of this section, "technician" will mean a person having specialised knowledge and experience in the specified fields as also fields that may be prescribed for this purpose in the Income-tax Rules by the Central Board of Direct Taxes. No deduction under the new section will be allowed in respect of the remuneration received for service rendered with the Government of the foreign State or the foreign enterprise or the association or body beyond a period of thirty-six months.

This amendment will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

Clause 18 seeks to substitute a new section for section 106 of the Income-tax Act relating to period of limitation for making orders under section 104 of the Act. Under the existing provisions of section 106 of the Income-tax Act, the period of limitation for making orders under section 104 of the Act is four years from the end of the relevant assessment year or one year from the end of the financial year in which the assessment or re-assessment of the profits and gains of the relevant previous year is made, whichever is later. The aforesaid period of limitation does not, however, apply to a case where the company has made an application to the Board under section 107A of the Act for reduction of the amount of the minimum distribution required under Chapter XI of the Act. Under the amendment, the period of four years referred to above is proposed to be reduced to two years in relation to orders to be made under section 104 with respect to the assessment year 1975-76 and subsequent assessment years.

Clause 19 seeks to make certain amendments to section 172 of the Income-tax Act relating to computation of profits of non-residents from occasional shipping business.

Sub-clause (a) seeks to amend sub-section (1) of section 172. Under the amendment, the provisions of that section will apply even in cases where the non-resident has an agent in India from whom the tax in respect of the income of the non-resident can be recovered under the provisions of the Income-tax Act.

The amendment in sub-clause (b) seeks to provide that 7½ per cent. of the amount paid or payable to the non-resident in respect of carriage of passengers, live-stock, mail or goods shipped at a port in India will be regarded as income accruing in India to the non-resident on account of such carriage. Under the existing provisions, one-sixth of such amount is taken as the income accruing in India to the non-resident. This amendment is consequential to the insertion of a new section 44B in the Income-tax Act under clause 8 of the Bill.

These amendments will take effect from 1st June, 1975 and will accordingly apply in relation to carriage of passengers, live-stock, mail or goods shipped at Indian ports on or after that date by ships belonging to or chartered by a non-resident.

Clause 20—Sub-clause (1) seeks to make two amendments in section 194A of the Income-tax Act relating to deduction of tax at source from income by way of interest other than income chargeable under the head "Interest on securities".

Under the first amendment, tax will be deducted at source from any income by way of interest other than "Interest on securities" where the income credited or paid during the financial year exceeds Rs. 400. Under the existing provision, tax is deducted at source only in cases where such income credited or paid at any one time exceeds Rs. 400.

The second amendment seeks to exclude, from the purview of section 194A, payments of interest by the Central Government under the provisions of the Income-tax Act, the Indian Income Act, 1922, the Estate Duty Act, 1953, the Wealth-tax Act, 1957, the Gift-tax Act, 1958, the Super Profits Tax Act, 1963, the Companies (Profits) Surtax Act, 1964 and the Interest-tax Act, 1974.

These amendments will take effect from 1st April, 1975 and will accordingly apply in relation to payments made on or after that date.

Sub-clause (2) seeks to exclude the application of the provisions of section 201 and section 276B of the Income-tax Act (which provide for consequences of failure to deduct or pay tax) to or in relation to any failure to deduct income-tax under sub-section (1) of section 194A of the Income-tax Act on any income by way of interest other than income chargeable under the head "Interest on securities" credited or paid on or after the 1st day of April, 1975 but before the 1st day of June, 1975, where the income so credited or paid at any one time does not exceed four hundred rupees.

Clause 21 seeks to amend section 195 of the Income-tax Act relating to deduction of tax at source in the case of non-resident taxpayers. The amendment seeks to secure that in the case of foreign companies, deduction of tax at source from long-term capital gains is made at the same rate at which such income is chargeable to tax on regular assessment, instead of at the rate specified in the annual Finance Act.

This amendment will come into force with effect from 1st April, 1975 and will accordingly apply in relation to the payments made during the financial year 1975-76 and subsequent years.

Clause 22 seeks to insert a new item 24 (Pesticides) in the list of articles or things in the Ninth Schedule to the Income-tax Act. The term "pesticides" will not include any formulation of pesticides unless the formulation is prepared by the manufacturer or producer of the basic pesticidal chemicals from which such formulation has been prepared. The effect of the amendment would be that (i) deduction by way of initial depreciation allowance of a sum equal to 20 per cent. of the actual cost of new machinery or plant (other than office appliances or road transport vehicles) installed for the purposes of the business of manufacture of pesticides, will be allowed, and (ii) domestic companies will be entitled to a deduction of the whole of the income by way of dividends received from a company which is formed and registered under the Companies Act, 1956 after 28th February, 1975 and is engaged exclusively or almost exclusively in the manufacture of pesticides.

This amendment will take effect from 1st April, 1976 and will accordingly apply in relation to the assessment year 1976-77 and subsequent years.

Clause 23 seeks to insert new Tenth Schedule in the Income-tax Act containing the list of institutions and bodies. This amendment is consequential to the insertion of a new sub-section (8) in section 40A of the Income-tax Act by clause 6 of the Bill.

Clause 24 seeks to make certain amendments of a consequential nature in different provisions of the Income-tax Act.

The amendment proposed in sub-clause (1) is consequential to the amendment to section 33A of the Income-tax Act proposed to be made by clause 5 of the Bill.

The amendment proposed in sub-clause (2) (a) is consequential to the insertion of new clause (10B) in section 10 of the Income-tax Act proposed to be made by clause 3 of the Bill.

The amendments proposed in sub-clauses (2) (b) and (c) are consequential to the insertion of new section 80JJ in the Income-tax Act by clause 13 of the Bill.

Clause 25 seeks to substitute clause (h) [relating to definition of the term "company"] of section 2 of the Wealth-tax Act. Under clause (h), as proposed to be substituted, the term "company" will include, besides any company formed and registered under the Companies Act, 1956, any company formed and registered under any law relating to companies formerly in force in any part of India, a corporation established by or under a Central, State or Provincial Act, and any body

corporate incorporated by or under the laws of a country outside India. The term will also include any institution, association or body which is declared by the Central Board of Direct Taxes by general or special order to be a company.

Clause 26 seeks to amend section 4 of the Wealth-tax Act relating to inclusion of certain assets in the net wealth of the assessee. Under the proposed amendment, the provisions of section 5 of the Wealth-tax Act relating to exemptions in respect of certain assets will also apply in relation to those assets which, though not belonging to the assessee, are included in the net wealth of the assessee under section 4 of that Act as if such assets were assets belonging to the assessee.

This amendment will take effect from 1st April, 1975, and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

Clause 27 seeks to make certain amendments in section 5 of the Wealth-tax Act relating to exemptions in respect of certain assets.

Sub-clause (a) (i) seeks to amend the second proviso to clause (viii) of sub-section (1). Under the proposed amendment, the ceiling limit, for the purposes of exemption from wealth-tax, in respect of the value of any conveyance or conveyances is proposed to be increased from Rs. 25,000 to Rs. 30,000.

Sub-clause (a) (ii) seeks to insert new clause (viiib) in sub-section (1). Under the new clause, trees standing on agricultural land, other than those in an orchard or a plantation, will be exempt from wealth-tax.

Sub-clause (a) (iii) seeks to amend clauses (xx) and (xxviii) of sub-section (1). This amendment seeks to secure that the exemption from wealth-tax in respect of shares forming part of the initial issue of equity share capital by an Indian industrial company as also shares in a co-operative society is available even in cases where the shares, though owned by the assessee, are not registered in his name.

Sub-clause (a) (iv) seeks to insert new clause (xxa) in sub-section (1). Under the new clause, the value of shares in any new industrial company established for the purpose of carrying on the business of manufacture or production of any one or more of the articles or things specified in the Ninth Schedule to the Income-tax Act will be exempt from wealth-tax for a period of five years provided that the shares formed part of the initial issue of equity share capital of the company made after 28th February, 1975. The aforesaid period of five years will be computed from the assessment year next following the date on which such shares were first issued by the company.

Sub-clause (a) (v) seeks to amend clause (xxiii) of sub-section (1). The amendment seeks to secure that the exemption from wealth-tax in respect of shares in an Indian company is available even in cases where the shares, though owned by the assessee, are not registered in

his name. The reference to clause (xxa) in clause (xxiii) is consequential to the insertion of new clause (xxa) in sub-section (1) by sub-clause (a)(iv).

Sub-clause (b) seeks to amend the proviso to sub-section (1A). The amendment seeks to secure that the benefit of the higher monetary limit in respect of certain assets exempt from wealth-tax allowed to persons who own certain deposits and certificates referred to in clauses (xv) and (xvi) of sub-section (1) is not denied by reason of the fact that such deposits and certificates are not in their names.

Sub-clause (c) seeks to amend sub-section (3). The amendment proposed by sub-clause (c) (i) is consequential to the insertion of new clause (xxa) in sub-section (1).

Under the amendments proposed by sub-clause (c) (ii) and (c) (iii), the exemption from wealth-tax in respect of specified assets will be available even in cases where such assets are owned, though not held, by the assessee for a specified period. Under the existing provision, exemption is available only in cases where such assets are held by the assessee for a specified period.

The amendment made by sub-clause (a) (ii) will take effect from 1st April, 1976 and the remaining amendments will take effect from 1st April, 1975.

Clause 28 seeks to insert a new clause (h) in section 45 of the Wealth-tax Act under which that Act does not apply in certain cases. Under the proposed amendment, foreign companies which do not have a place of business in India will be included in the list of entities which are not liable to wealth-tax under the Wealth-tax Act.

This amendment will come into force retrospectively from 1st April, 1957, i.e., the date of commencement of the Wealth-tax Act.

Clause 29 seeks to insert a proviso in clause (a) of sub-section (1) of section 4 of the Gift-tax Act under which certain transfers are deemed to be gifts for the purposes of that Act. The said clause (a) provides that in cases where any property is transferred otherwise than for adequate consideration, the difference between the market value of the property at the date of the transfer and the consideration in respect of the transfer is deemed to be a gift. The amendment seeks to make the aforesaid provision inapplicable in cases where the property is transferred to Government or where the value of the consideration for the transfer of the property is determined or approved by the Central Government or the Reserve Bank of India.

This amendment will take effect retrospectively from 1st April, 1974 and will accordingly apply in relation to the assessment year 1974-75 and subsequent years.

Clause 30 seeks to amend section 16 of the Finance Act, 1974 relating to continuance of development rebate in certain cases. This provision provides, *inter alia*, for the continuance of development rebate in res-

pect of ships acquired after 31st May, 1974, but before 1st June, 1975 if the assessee had, before 1st December, 1973, entered into a contract for the purchase of the ship with the builder or owner thereof. Under the proposed amendment, the deduction by way of development rebate will be admissible in respect of any ship acquired after 31st May, 1974, but before 1st January, 1977, if the contract for the purchase of such ship from the builder or owner thereof had been entered into by the assessee before 1st December, 1973.

Clause 31 seeks to levy up to 30th June, 1976, auxiliary duties of customs on all imported goods at the rate of 20 per cent. of their value.

Clause 32 seeks to continue for another year the provisions of the Indian Tariff (Amendment) Act, 1949, so as to maintain the *status quo* in regard to the commitments under the General Agreement on Tariffs and Trade.

Clause 33 read with the Second Schedule, seeks—

- (a) to amend the definition of "manufacture" in relation to manufactured tobacco.
- (b) to raise the rate of basic duty—
 - (1) sugar—other than khandsari or palmyra;
 - (2) stalks;
 - (3) motor spirit;
 - (4) synthetic organic dyestuffs and synthetic organic derivatives;
 - (5) cosmetics and toilet preparations;
 - (6) paper and paper boards falling under Item 17(3) including packing and wrapping papers and duplex and triplex boards;
 - (7) cotton twist, yarn and thread;
 - (8) cement;
 - (9) glass and glassware excluding laboratory glassware;
 - (10) chinaware and porcelainware, all sorts;
 - (11) aluminium;
 - (12) airconditioners and other airconditioning appliances and parts of refrigerating and airconditioning appliances and machinery;
 - (13) electric fans, all sorts but excluding those designed for use in an industrial system;
 - (14) electric wires and cables, the conductor of any core of which, not being one specially designed as a pilot core, has specified sectional areas;

(15) safes and strong boxes, strong-room linings, strong-room doors and cash and deed boxes and the like, of base metal.

(c) to change the tariff description of tyres to include tyre flaps;

(d) to define the expression "skelp" in regard to iron or steel products;

(e) to change the tariff description of, and to raise the basic excise duty on, wool tops;

(f) to change the tariff description of the existing item 33A and to levy duty on any combination set of broadcast television receiver, radio, gramophone and tape recorder;

(g) to change the tariff description of the existing Item 18 and to raise the basic duty on rayon and synthetic fibres and yarn, and to levy a duty on textured yarn;

(h) to change the tariff description of Item 4 II(3) to include hand-made biris, to raise duty on machine-made biris, and to include two new items "chewing tobacco" and "snuff" and to levy duty on them;

(i) to include new items in the Central Excise Tariff for—

- (1) graphite electrodes and anodes;
- (2) all other goods not elsewhere specified in the Central Excise Tariff Schedule, manufactured in a factory as defined in the Factories Act, 1948, but excluding—
 - (i) alcohol, all sorts including alcoholic liquors for human consumption;
 - (ii) opium, Indian hemp and other narcotic drugs and narcotics; and
 - (iii) dutiable goods as defined in section 2(c) of the Medicinal and Toilet Preparations (Excise Duties) Act, 1955.

Clause 34 seeks to levy up to 30th June, 1976 auxiliary duties of excise on all excisable goods at the rate of 20 per cent. of their value.

Clause 35 read with the Third Schedule seeks to amend the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957 to increase the additional duty of excise on machine-made biris and to levy such duty on hand-made biris.

Clause 36 like section 24 of the Finance Act, 1974, provides that salt shall be duty free for another year.

Clause 37 seeks to make certain special provisions with regard to duties of excise on "skelp" for the period commencing from 24-4-62 when "skelp" became first liable to excise duties by virtue of the provisions in the Finance (No. 2) Bill, 1962 which provided for the insertion of Item

26AA relating to iron or steel products in the First Schedule to the Central Excises and Salt Act. The said item 26AA did not expressly mention "skelp" but mentioned "strips" which includes skelp. Skelp was expressly mentioned in the Item by amendments made in 1964 under the Finance Act, 1964. However, no definition of the expression "skelp" has been so far provided. This has given rise to difficulties of interpretation. To get over these difficulties the clause seeks to define "skelp" with retrospective effect for the purposes of the various Central laws and validate the levies thereon.

Clause 38 seeks to amend, with effect from 1st July, 1975, the Central Sales Tax Act, 1956 to revise the rates of tax on sales in the course of inter-State trade or commerce and the ceiling in respect of tax under sales-tax laws of States on sale or purchase of goods declared under the Act to be of special importance in inter-State trade or commerce.

FINANCIAL MEMORANDUM

Clause 33 of the Bill seeks to levy excise duties on certain new items such as handmade biris, chewing tobacco, snuff, tyre flap, textured yarn, graphite electrodes and anodes, and all other goods not elsewhere specified, which will add substantially to existing number of factories working in the dutiable category. Withdrawal of some of the excise concessions on fabrics produced on circular knitting machines and gramophones/record players will also bring in more units in the dutiable category. After the replacement of the compounded levy scheme applicable to khandsari units by normal assessment procedure, the administrative control on them will have to be greater.

The new levies and the withdrawal of exemptions will necessitate employment of additional staff not only in the field formations, but also in the Secretariat, the Directorate of Inspection and the Directorate of Statistics and Intelligence (Central Excise). Following this expansion in the coverage of Central Excise Tariff, it will be necessary—

(1) to extend and strengthen, to the needed extent, control over a wide range of factories and supervision over tariff classification and valuation of goods in the Collectorates of Central Excise by deployment of additional staff involving an additional expenditure of Rs. 286.02 lakhs

(2) to keep a close watch on the trends and pattern of production, consumption and price movement of these affected commodities, which will necessitate the augmentation of staff in the Directorate of Statistics and Intelligence, involving an additional expenditure of Rs. 1.70 lakhs

(3) to provide the necessary number of officers and staff in the Secretariat of the Board of Excise and Customs and Ministry (including the Directorate of Inspection—Customs and Central Excise) for dealing with the increased work involving an additional expenditure of Rs. 7.43 lakhs

(4) Recurring expenditure on account of accommodation Rs. 6.00 lakhs

Total additional expenditure involved on account of the above items per year Rs. 301.15 lakhs

Besides the above items of annual recurring expenditure, the following non-recurring expenditure will also have to be provided for:—

Furniture, office equipment, etc., and for providing for motor vehicles for preventive staff and headquarters of Collectortates. Rs. 20.00 lakhs

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 3(a) seeks to amend clause (5) of section 10 of the Income-tax Act relating to exemption from income-tax in respect of travel concession or assistance provided by the employer to an Indian citizen. Under the existing provision, the concession is allowed only to the extent of an amount which the assessee would have been entitled to had he proceeded to his home district in India. Under the amendment proposed in the proviso to sub-clause (ii) of clause (5) of section 10, the Central Board of Direct Taxes will have power to prescribe by rules the circumstances in which and the cases in which the aforesaid restriction will not apply. Such rules are to be made by the said Board having regard to the travel concession or assistance available to the employees of the Central Government.

Clause 6 seeks to amend section 40A of the Income-tax Act which relates to expenses or payments which are not deductible in certain circumstances. Under the proposed sub-section (8), deduction will not be allowed to the extent of fifteen per cent. of the expenditure incurred by non-banking non-financial companies in making payment of interest on deposits received from the public. The proposed sub-section, however, provides an exception, namely, deductions will be allowed to the full extent of the expenditure incurred by such companies in making payment of interest on deposits received from the institutions or bodies specified in that sub-section. The proposed sub-section empowers the Central Government to add any other institution or body (having regard to its nature and objects) to the list of the institutions or bodies specified therein so that deduction may be allowed to the full extent of the expenditure incurred in making payment of interest on deposits received from the institutions and bodies so specified.

Clause 12 seeks to amend section 80J of the Income-tax Act relating to deduction in respect of profits and gains from newly established industrial undertakings, etc. Under the new sub-section (6A), proposed to be inserted in that section, in the case of persons, other than a company or a co-operative society, the deduction will not be admissible unless the accounts of the industrial undertaking for the relevant previous year are audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 of the Income-tax Act and the assessee furnishes the report of such audit in the form to be prescribed by rules.

Clause 17 seeks to insert new section 80RRA in the Income-tax Act which makes provision for deduction in respect of remuneration from foreign employers in certain cases. Under sub-section (2) of that section, the deduction will be available only in cases where the contract of service between a technician (not being an employee of Government) and the foreign employer is approved by the Central Government or such authority as the Central Board of Direct Taxes may prescribe by rules made in this behalf. In order to be a technician for the purposes of this

section, a person should have specialised knowledge and experience in the fields specified in *Explanation* 2. Under item (vi) of that *Explanation*, the said Board is being empowered to make rules to specify the other fields in which a person should have knowledge and experience in order to qualify to be a technician within the meaning of the said *Explanation*.

Clause 21 seeks to insert a proviso in sub-section (1) of section 195 of the Income-tax Act, providing for the deduction of income-tax at source from long-term capital gains made by foreign companies which have not made prescribed arrangements for the declaration and payment of dividends within India. The rules regarding arrangements for the declaration and payment of dividends within India by foreign companies are already in force and consequently the proposed amendment will not require the making of any new rule.

Clause 25 seeks to substitute a new clause for clause (h) of section 2 of the Wealth-tax Act relating to the definition of "company". Under the clause as proposed to be substituted, the Central Board of Direct Taxes will have the power to declare, by general or special order, that any institution, association or body, whether incorporated or not, and whether Indian or non-Indian, will be treated as a company for the purpose of wealth-tax, and, in making such a declaration, the said Board shall have regard to the nature and objects of such institution, association or body. The power is being specifically made exercisable even in relation to any such past assessment year or years as may be specified in the declaration.

The matters aforesaid are all matters of procedure and administrative detail and it is not practicable to provide for them in the relevant provisions of the Bill itself. Moreover, the powers conferred are intended to provide for a certain amount of flexibility. The delegation of legislative power is, therefore, of a normal character.

S. L. SHAKDHER,
Secretary-General